

MUNICIPAL CORPORATIONS COMMITTEE

DATE: January 30, 2006

CALLED TO ORDER: 4:30 p.m.

ADJOURNED: 5:06 p.m.

ATTENDANCE

Attending Members

Ron Gibson, Chair
Lonnell Conley
Sherron Franklin
Scott Keller
Isaac Randolph
Earl Salisbury

Absent Members

Vernon Brown

AGENDA

Update on the Central Library Renovation Project

MUNICIPAL CORPORATIONS COMMITTEE

The Municipal Corporations Committee of the City-County Council met on Monday, January 30, 2006. Chair Ron Gibson called the meeting to order at 4:30 p.m. with the following members present: Lonnell Conley, Sherron Franklin, Scott Keller, Isaac Randolph, and Earl Salisbury. Absent was Vernon Brown. Also in attendance were Councillors Dane Mahern, Jackie Nytes, and William "Duke" Oliver.

Update on the Central Library Renovation Project

Chair Gibson noted that Linda Mielke, Chief Executive Officer, Indianapolis-Marion County Public Library (IMCPL), and Louis Mahern, IMCPL Board President, were both in attendance.

Ms. Mielke distributed a packet of information (on file in the Council Office) and referred to Exhibit A, which illustrates the Central Library construction progress. She noted that repairs are being done, steel is going up, and she expects glass to be installed in two weeks. She added that the roof will also be on in a couple of weeks, and the concrete has been poured for each of the floors.

Ms. Mielke reiterated that the Board will run out of money for this project in September, so the Board conducted a public hearing last week. She said this public hearing was successful in that despite the fact that the public was aware there would be a tax increase associated with the project, they continue to support the Library.

Ms. Mielke added that the public supports the effort to complete construction as soon as possible. She said there are a lot of reasons for not waiting, such as the escalating costs and the books getting moldy if they are not put out on the shelves. The Library Board was persuaded by the positive feedback to vote to sell up to \$45 million in bonds to complete the project. She added that the public understood that if the Library sold the bonds that any proceeds from the litigation would go toward paying off the bonds as soon as possible.

Chair Gibson asked when the bonds would be sold. Mr. Mahern explained that there is a remonstrance period; he expects that the earliest the bonds can be sold will be some time in July. Chair Gibson asked what the long term plans are for paying the interest if the bonds are sold in July. Mr. Mahern responded that at this point, the plan is to only sell the bonds that are required to keep the construction going. He said the Library will not sell all of the bonds at once. He added that the Library wants to be sure the bonds are not sold until the money is required because there may be a settlement and also because of the interest rate.

Chair Gibson asked, if the Library opts to come to the Council for debt services (which would have an effect on the property taxes), what would be the earliest exposure time. Mr. Mahern said he imagines it would be some time next year, noting that the debt would not be the full \$45 million in bonds. Ms. Mielke added that it would be for the 2007 budget that the Library may possibly ask for an increase. Thus, the impact would be an amount of approximately \$3.30 and \$4.40 added on to property taxes per year per each household.

Councillor Salisbury asked if Mr. Mahern is referring to a \$100,000 home being an average home. Mr. Mahern answered in the affirmative. He noted that this would be for an approximate 20-year period if the Library were not to recover anything in the lawsuits. Chair Gibson noted that it is important to acknowledge that are several lawsuits pending and that there should be a substantial recovery from these lawsuits.

Councillor Salisbury asked if privatization of the Library has ever been considered. Mr. Mahern responded that the Library has privatized services for several years: all of the custodial, security, and lawn care services are privatized.

Councillor Keller asked if the \$45 million includes about a \$5 million contingency. Mr. Mahern answered in the affirmative. Councillor Keller asked if, in the loan at the bottom of the document, it will say, "as we recover, we pay the bonds off early." Mr. Mahern said he is unsure if it will say this in the bond documents, but the Library will give whatever written assurances the Council would like. He added that the Library will use this money to retire current debt at the Library, not necessarily these bonds.

Councillor Keller stated that this has ended up being nearly a \$100 million project, with \$40 million of additional costs. He asked if Mr. Mahern could explain some of these costs. Mr. Mahern answered that the extra costs include the extra expert assistance that had to be hired, legal fees, and the cost of forensic engineering. The Library also had to hire new engineers to come in and design the repairs and to essentially be the engineer of records before the repairs. Ms. Mielke noted that \$43 of the original dollars were raised privately by the Library Foundation.

Councillor Nytes thanked the Committee for calling this meeting to give the public a better opportunity of the challenges that have beset the Library in the last few years. She said she admits to having a certain bias about this project, being a former employee of the Library. She commended the Library for a responsible approach to the last stage of financing, noting that it seems they have been as prudent as possible.

Chair Gibson asked what the target date is for the opening. Mr. Mahern said his best estimate would be that the construction should be completed by February 2008, and then another two to four months is needed to move the items from storage into the new facility. So, the possible opening date could be early summer of 2008.

Chair Gibson said he feels optimistic the Library is on the right track, and he thanked everyone in attendance for their time.

Respectfully submitted,

Ron Gibson, Chair
Municipal Corporations Committee